

**WESTERN AREA POWER ADMINISTRATION
SIERRA NEVADA REGION**

**The Central Valley Project, California-Oregon Transmission Project, Pacific Alternating Current Intertie
and Path 15 Transmission – Rate Order WAPA – 156: Notice of Proposed Power, Transmission and
Ancillary Service Rates**

**WESTERN AREA POWER ADMINISTRATION
114 PARKSHORE DRIVE
FOLSOM, CALIFORNIA**

**Comments Received from the Public at the
March 1, 2011, Public Comment Forum**

Western stated it would post all comments received. The public consultation and comment period ends on April 4, 2011. Anyone may submit written comments at any point during the consultation and comment period. Written comments should be addressed to:

MR. CHARLES FAUST, MANAGER
WESTERN AREA POWER ADMINISTRATION
114 PARKSHORE DRIVE
FOLSOM, CALIFORNIA 95630-4710
E-MAIL: SNR-FY12RATECASE@WAPA.GOV

During Sierra Nevada Region's Public Comment Forum held at Lake Natoma Inn on March 1, 2011, Western received oral comments from the Northern California Power Agency, Calpine and the City of Redding. The full transcript is available for viewing at Western's office. For the convenience of stakeholders, Western has summarized the comments below. If your comments are not adequately reflected below, please contact Western at SNR-FY12RateCase@wapa.gov

Comment 1: Northern California Power Agency: Expressed concern that when the base resource cost is added to the payments the customers make for the CVPIA, the total cost on a megawatthour basis is at or above market. In addition, if proposals under the Delta Reform Act are enacted then these costs could make Western's rates uneconomic. If Western's costs become uneconomic then it will make it difficult for Western to meet its requirements of full cost recovery. In order for Western to mitigate this, NCPA proposes Western consider including a safety valve in the rates to trigger when costs become uneconomic, which would temporarily defer recovery of some costs.

Comment 2: Calpine: Expressed concern regarding the timing of rate increase, stating it is unfortunate. Calpine stated it would be facing a rate increase of more than \$2 million during one of the worst economic recessions in history. Power prices are low and an increase in transmission costs would put Sutter in a significant price disadvantage. The transmission expenses alone would offset by nearly half of the revenues the ISO anticipates a combined cycle plant would receive in the CAISO market.

- a. Calpine contends the cost allocation method is unreasonable, specifically as it relates to SVS.

- b. Calpine stated over the last 10 years it has met much of the reliability needs of the Sacramento Valley and those reliability needs and services have been uncompensated. Now, Western invested tens of millions of dollars into the Sacramento Voltage Support program to address reliability issues, and asks Sutter to pay for those upgrades.
 - i. Calpine asked Western consider: (1) Since Calpine does not receive a benefit consider not rolling SVS into rate making; (2) consider incremental rate-making or (3) change SVS to direct beneficiary.
- c. When questioned, Calpine did not have a specific proposal but would be willing to research options and submit to Western. Calpine also noted the FERC's Chairman, Wellinghoff, recently stated that costs should not be allocated to those who do not benefit. Western asked Calpine to include an analysis of how a Calpine proposal would be consistent with FERC's transmission pricing proposal, specifically on how it would be consistent with FERC's prohibition on "and" pricing.

Comment 3: City of Redding: Thanked Western's management and staff for their efforts during the lengthy informal rates process and the current formal process. Redding will submit comments on or before April 4, 2011.